



CITY OF LODI COUNCIL COMMUNICATION

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AGENDA TITLE: Discussion and appropriate action regarding authority of City Manager relating to salary adjustments

MEETING DATE: Wednesday, February 2, 2005

PREPARED BY: Human Resources Director

RECOMMENDED ACTION: Discussion and appropriate action regarding authority of City Manager relating to salary adjustments.

BACKGROUND INFORMATION: The Lodi Municipal Code, Title 2, Administration and Personnel, Chapter 2.12, 2.12.060 (Exhibit A) sets forth the powers and duties of the City Manager who serves as the administrative head of the city under the direction of the City Council. The duties of the City Manager include but are not limited to control over all departments and appointive officers with the specified direction that "Except for the purposes of inquiry, the City Council and its members shall deal with the administrative services solely through the City Manager and neither the City Council nor any member thereof shall give orders to any of the subordinates of the City Manager". (LMC 12.12.070, Exhibit A) The ability to grant merit increases or take them away lies within the scope of this authority as a matter of practice and Council approved procedure.

The Executive Management Statement of Benefits, Article II, adopted by the City Council in March of 1998 (hereinafter "Statement", Exhibit B), specifically describes the executive management compensation system and the authorities of the City Manager. Although updated in 1998, the revised document did not change the long standing compensation principles and system that have been in effect.

The system is based upon the concept of setting a control point (or mid-point) for each position. The control point is a point upon which the salary range for an executive management position is based. The bottom of the range is 10% below the control point and the ceiling of the range is 10% above the control point. (Statement, Para 2.3, sub. 1) Control points are recommended by the City Manager and approved by the City Council. (Id.) Typically, the control points are adjusted based upon external market comparisons and internal salary relationships. The Statement also explicitly states that the City Manager has the discretion to set the department heads' salaries within the range defining performance increase as: "a salary increase *granted* by the City Manager to an individual whose performance regularly exceeds job standards for that position. (emphasis added, Statement, Para 2.3, sub 4)

On February 21, 2001, under Resolution 2001-53, the City Council adopted new salary ranges for department heads and decreased the ceiling of the range to 5% above the mid-point (Exhibit C).

Council again took action on July 16, 2003 under Resolution 2003-131 (Exhibit D) to reinstate the control point ceiling of the range back to 10% above the mid-point. In that resolution council approved among other things:

APPROVED.

Blair King, City Manager

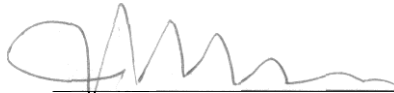
1. Salary increase for the City Manager Appointees (unrepresented) of 2.5 percent to be effective the first full pay period in July 2003; [and]
2. Reinstatement of the control point comparison to "C" step of the range ~~to~~ provide the *City* Manager with flexibility *in setting* salaries *and* determining merit increases effective immediately." (emphasis added, Exhibit D, sub 1 and 2)

If Council wishes to pursue a new model for setting executive management salaries, staff recommends the City explore the employment contract model. Under this model, the City Manager would negotiate contracts and any subsequent amendments with individual Department Heads and bring them to Council for ratification. Contracts also provide for an efficient and cost-effective process to handle dismissals from service.

COST: N/A

cc: City Attorney

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Joanne M. Narloch', is written over a horizontal line.

Joanne M. Narloch,
Human Resources Director

2.12.040

council in such sum as may be determined by the city council. (Prior code § 2-23)

2.12.050 Removal.

The council shall appoint the city manager for an indefinite term and may remove him by a majority vote of its members. At least ~~thirty~~ days before such removal shall become effective, the council shall by a majority vote of its members adopt a *preliminary* resolution stating the ~~reason~~ for his removal. The manager may reply in writing within ten days after receipt of notice of such preliminary resolution, and may request a public hearing which shall be held not earlier than twenty days nor later than ~~thirty~~ days after the **filing** of such request. After such public hearing, if one ~~is~~ requested, and after ~~full~~ consideration, the council by a majority vote of its members may adopt a **final** resolution of removal. By the preliminary resolution the council may suspend the manager ~~from~~ duty, but shall ~~in~~ any case ~~cause~~ to be paid ~~him~~ forthwith any unpaid balance of his salary and his monthly salary shall continue to be paid following adoption of the preliminary resolution until he ~~is~~ reinstated or removed. In event of removal, the city council shall appoint a **new** city manager within a reasonable time thereafter and ~~must~~ exercise due diligence in naming a **successor**. (Prior code § 2-24)

2.12.060 Powers and duties generally.

The city manager shall be the administrative head of the city ~~government~~ under the direction and control of the council, except as otherwise provided by ~~this~~ code or other ordinance of the city. He shall be responsible to the city council for the efficient administration of all the ~~affairs~~ **of** the city

which are under ~~his~~ control. In addition to the city manager's general powers ~~as~~ administrative head, and not as a limitation thereon, it ~~is his~~ duty and he shall have power:

A. Enforcement of laws: To see that all laws and ordinances are duly enforced;

B. Appointment, removal, etc., of certain officers: To employ, discipline or remove **all** heads of departments and all subordinate officers and employees of the city; to transfer employees ~~from~~ one department to another; and to consolidate or combine offices, positions, departments or ~~units~~ under his jurisdiction. **Nothing** contained in this subsection shall apply, however, to the city attorney, city clerk or city treasurer, each of whom shall be appointed and removed by the **city council**;

C. Control over departments and appointive ~~officers~~: To exercise control over all departments and divisions of the city government and over all appointive officers and ~~employees~~ thereof except as provided in ~~this section~~;

D. Attendance at council meetings: To attend all meetings of the council and its committees unless excused therefrom by the council or by the committee and except when ~~his~~ removal is under consideration by the **council**;

E. Recommend **ordinances**: To ~~recom-~~mend to the council for adoption such ~~measures~~ and ordinances as he deems necessary or expedient;

F. ~~Advice~~ as to finances: To keep the city council at all times advised ~~as~~ to the financial conditions and needs of the city, and at least quarterly shall submit a financial report;

G. Reparation of budget: To prepare the budget annually and submit it to the council

2.12.060

and be responsible for its administration after adoption;

H. Annual report: To prepare and submit to the council as of the end of the fiscal year a complete report on the finances and administrative activities of the city for the preceding year;

I. Salary plan: To prepare and recommend to the city council a **salary** plan;

J. Purchasing: To purchase all supplies for **all** of the departments or divisions thereof, and **no** expenditure shall be submitted or recommended **to** the city council except upon report or approval of the city manager;

K. Investigation of city **affairs**: To make investigations into the **affairs** of the city or any department or division thereof or any **contract**, or the proper performance of any obligation running to the city;

L. Investigation of complaints: To investigate all complaints in relation to all matters **concerning** the administration of the **government** of the city and in regard to the service maintained by public **utilities** in the city, and to see that all franchises, **permits** and privileges granted by the city **are** faithfully observed;

M. Supervision of public buildings, parks, etc.: To exercise general supervision over all public buildings, public parks, streets and other public property which are under the control and **jurisdiction** of the city council;

N. Organizational chart: To prepare and submit to the city council an organization **chart** showing the organization plan for all departments of the city **government**;

O. Issue licenses and **permits**: To issue on behalf **of** the council all licenses and **permits** not otherwise provided for by ordinance;

P. Public **works** construction: To superintend the construction of all public **work** done by the city;

Q. Devotion of entire time to duties: To devote **his** entire time to the duties and interest of the city;

R. Delegated duties: To perform such other duties and exercise such other powers as may be delegated by ordinance or motion of the city **council**;

S. Political activity: The city manager shall not participate in any city political activities or politics;

T. Contracts: To execute on behalf of the city and without city council approval, contracts in the amount of five thousand dollars or less. Except in emergencies, **all** contracts exceeding five thousand dollars **shall** be approved by city council action. No **contract** shall be split into smaller purchase orders or segments to avoid the provisions of this subsection or the requirements of Chapter 3.20 of **this** code. (Ord. 1506 § 1, 1991; prior code § 2-25)

2.12.070 Council to deal exclusively through city manager.

Except for the purpose of inquiry, the city **council** and its members shall deal with the administrative services solely through the city manager, and neither the city council nor any member thereof shall give orders to any of the subordinates of the city manager. (Prior code § 2-26)

2.12.080 Compensation.

The city manager shall receive such **salary as** the city council shall from time to time determine and ~~fix~~ by resolution or motion. (Prior code § 2-27)

EXHIBIT B

ARTICLE II - COMPENSATION

2.1

Purpose of the Executive Management Compensation System

The primary purpose of the Executive Management compensation system is to recruit and retain the best available talent for a given position and provide incentives for peak performance. This requires that pay ranges be competitive in making the City a desirable place to work and that a rational pay and incentive system be in place.

2.2

Compensation Principles

The principles by which Lodi's Executive Management compensation system operates are:

- Market Equity: Salary ranges for a given position will normally be similar to salary ranges of comparable agencies for which the City of Lodi competes for employees.
- Compensation: The compensation of Executive Management employees will be based on performance, market, and needs of the City. Accordingly, managers will receive as a minimum an annual performance evaluation developed between the City Manager and the employee.

2.3

Definitions

1. Control Point - a point upon which the salary range for an Executive Management position is based. The bottom of the range is 10% below the Control Point, and the ceiling of the range is 10% above the Control Point. Control Points are recommended by the City Manager and approved by the City Council, using external salary comparisons and internal salary relationships. While there are no "steps" in Executive Management salary ranges, the Control Point may be considered to be similar to the "C" step for positions with stepped pay ranges.
2. Cost Of Living Increase - an increase to the Control Point for each Executive Management position as approved by Council. A Cost Of Living increase to the actual salary of an employee is subject to approval by the City Manager.
3. Equity Increase - a change in the Control Point for a specific Executive Management position, apart from the Cost Of Living increase, approved by City Council. An Equity increase may be justified based upon organizational changes, internal comparisons and/or external market equity survey data. A market survey will be performed at a minimum of once every three (3) years.

EXHIBIT B

4. **Performance Increase** – a salary increase granted by the City Manager to an individual whose performance regularly exceeds job standards for that position. A Performance Increase is designed to apply to a specific individual occupying an Executive Management position and will not raise the Control Point for that position. A Performance Increase may be granted up to a maximum of 10% percent above the Control Point for that position and shall not exceed the salary range. Normally performance increases will occur in steps of 5%.
5. **Salary Range** – a range of compensation, the bottom of which is 10% below the Control Point, and the ceiling of which is 10% above the Control Point for an Executive Management position.

2.4

General Provisions

1. The Control Point will be the highest salary which an employee may receive, except for Performance Increases as determined by the City Manager.
2. General adjustments to Executive Management salary ranges will be made by moving the Control Point in the amount approved by the City Council as a Cost Of Living increase or by salary survey. Executive salaries will be moved in relation to Control Point changes as determined by the City Manager.

2.5

Appointments

A person appointed to an Executive Management position will receive a salary no less than 10% below the control point or 10% above the control point.

2.6

Performance Review – First Year

After six months from the original date of appointment and with a satisfactory performance evaluation, the City Manager may grant an increase in salary of not more than 5%. At one year from the original date of appointment, the City Manager may grant an increase in salary of not more than 5%.

2.7

Annual Performance Review

The City Manager will develop an annual performance evaluation with each employee which will include goals and objectives in the City's Financial Plan and Budget and other objectives as may be considered to be appropriate.

RESOLUTION NO. 2001-53

A RESOLUTION OF THE LODI CITY COUNCIL
IMPLEMENTING SALARY SURVEY FOR UNITED
FIREFIGHTERS OF LODI (UFL), COUNCIL
APPOINTEES, AND MANAGEMENT STAFF

NOW, THEREFORE, BE IT RESOLVED, that the Lodi City Council does hereby approve and implement an overall 12.25% compensation increase for members of the United Firefighters of Lodi (UFL) bargaining unit, as shown on Exhibit A attached. Salary adjustments shall be effective the pay period in which January 1, 2001 falls; and

BE IT FURTHER RESOLVED, that the City Council hereby approves changes in the holiday schedule for UFL non-shift personnel, changing one (1) floating holiday to a fixed holiday, which will be Martin Luther King Jr. Day; and

BE IT FURTHER RESOLVED, that the Lodi City Council hereby approves and implements an overall 9.04% compensation increase for the three Council Appointees, being the City Manager, City Attorney and City Clerk; and

BE IT FURTHER RESOLVED, that the City Council further approves for Council Appointees and hereby implements a two percent (2%) deferred compensation match and an increase in insurance benefits to a level equivalent to that currently received by Department Heads, effective the first full pay period in January, 2001.

FURTHER RESOLVED, that the City Council hereby approves new salary ranges for management staff as shown on Exhibit B attached hereto.

Dated: February 21, 2001

I hereby certify that Resolution No. 2001-53 was passed and adopted by the City Council of the City of Lodi in a regular meeting held February 21, 2001 by the following vote:

AYES: COUNCIL MEMBERS - Howard, Land, Pennino and Mayor
Nakanishi

NOES: COUNCIL MEMBERS - None

ABSENT: COUNCIL MEMBERS - Hitchcock

ABSTAIN: COUNCIL MEMBERS - None


SUSAN J. BLACKSTON
City Clerk

**Sheet 2 - Management Staff Salary Ranges based on Control Point set at
5% below the mean of survey cities**

	Recommended				
	Low Point		Control Point		High Point
CITY MANAGER			5118,000		
CITY ATTORNEY			\$115,000		
CITY CLERK			\$63,246		
COMM CENTER DIR	\$87,697	\$92,082	\$96,686	\$101,520	5106,596
COMMDEVEL DIR	588,495	\$92,920	\$97,566	\$102,444	\$107,566
DEPUTY CITY MGR	\$84,452	\$88,675	\$93,109	597,764	\$102,652
ECON DEV COORD	570,976	\$74,525	\$78,251	\$82,164	\$86,272
ELEC UTIL DIR	\$99,341	\$104,309	\$109,524	\$115,000	\$120,750
FINANCE DIR	\$84,286	\$88,501	\$92,926	\$97,572	\$102,451
FIRE CHIEF	\$87,904	\$92,299	\$96,914	\$101,760	\$106,848
HUMAN RES DIR	\$77,776	\$81,665	\$85,749	\$90,036	\$94,538
PARKS & REC DIR	\$87,697	\$92,082	\$96,686	\$101,520	\$106,596
POLICE CHIEF	\$93,139	\$97,796	\$102,686	\$107,820	\$113,211
PUBLIC WORKS DIR	\$89,811	\$94,302	\$99,017	\$103,968	\$109,166
INFO SYS MANAGER	\$60,351	\$63,369	\$66,537	\$69,864	\$73,357

Prepared February 14, 2001

EXHIBIT B

EXHIBIT C

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING
CERTAIN SALARY AND BENEFITS FOR CITY MANAGER
APPOINTEES (UNREPRESENTED)

WHEREAS, it is the policy of the City Council to provide fair and equitable compensation to employees for their services consistent with their qualifications, responsibilities, and performance; and

WHEREAS, recently the City Council approved the recommended salary and benefit changes for City Manager Appointees. These changes include some increases to salary and benefits as well as a sharing of medical costs, similar to what was negotiated with various bargaining units. The specific changes are listed below.

NOW, THEREFORE, BE IT RESOLVED, by the Lodi City Council that the following salary and benefit changes for City Manager Appointees (unrepresented) is hereby approved:

1. Salary increase for City Manager Appointees (unrepresented) of 2.5% to be effective the first full pay period in July 2003.
2. Reinstatement of control point comparison to "C" step of range to provide City Manager with flexibility in setting salaries and determining merit increases effective immediately.
3. Provide Martin Luther King, Jr. Day as an additional fixed holiday effective January 2004
4. Provide cost of living increase effective pay period in which January 1, 2004 falls based upon formula at no less than 2% and no greater than 4% using consumer price index (San Francisco-Oakland-San Jose CPI-W).
5. Increase deferred compensation match to 3% effective first pay period of 2004.
6. Increase life insurance to two times annual salary effective as soon as administratively possible.
7. Implement sharing of cost of medical insurance as soon as administratively possible with employees contributing \$80.00 per month for one dependent and \$104.00 per month for employees covering more than one dependent.

Dated: July 16, 2003

I hereby certify that Resolution No. 2003-131 was passed and adopted by the City Council of the City of Lodi in a regular meeting held July 16, 2003, by the following vote:

AYES: COUNCIL MEMBERS - Beckman, Hansen, Howard, and Land

NOES: COUNCIL MEMBERS - None

ABSENT: COUNCIL MEMBERS - Mayor Hitchcock

ABSTAIN: COUNCIL MEMBERS - None



SUSAN J. BLACKSTON
City Clerk